

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00134
ATTORNEY GENERAL'S
FIRST REQUEST FOR INFORMATION
Item 19 of 28

RECEIVED

JUN 18 2007

PUBLIC SERVICE
COMMISSION

Witness: Linda Bridwell/Michael Miller

19. With regard to the proposed 20 MGD plant and Kentucky-American's current projections and under a scenario in which the BWSC does not participate in the project, please identify the cost per 1,000 gallons for Kentucky-American Water for the first year of operations.

Response:

19. The Company is unable to respond to this question in the current format. It is unclear whether the AG is referring to the cost per thousand gallons of plant capacity, or the impact on rates per thousand gallons.

Supplemental Response:

Please see the attached schedule. The bottom section provides the requested Data as derived from the schedule attached to the Response to PSCDR2#4 and using the water sales included in the Company's current rate filing.

Kentucky-American Water Company
Case No. 2007-00134 - Schedule in Response to Staff - Set 1- Q31
Estimate of Rate Impact of Source of Supply Project

Revised June 12, 2006

(000) Omitted	2007 Rate Case	2008 Rate Case	2010 Rate Case
	Rev. Requirement <u>Calculation</u>	Rev. Requirement <u>Calculation</u>	Rev. Requirement <u>Calculation</u>
13 Month Average Utility Plant	\$37,330	\$115,778	\$159,727
Less: Rate Base from Previous Case	\$0	\$0	(\$115,778)
Less: Depreciation Expense	\$0	\$0	(\$3,106)
Deferred Income Tax Exp	<u>\$0</u>	<u>\$0</u>	<u>(\$1,118)</u>
Rate Base	\$37,330	\$115,778	\$39,725
WCC currently authorized	<u>7.75%</u>	<u>7.75%</u>	<u>7.75%</u>
UOI	\$2,893	\$8,973	\$3,079
Revenue Gross-up Factor	<u>1.6540077</u>	<u>1.6540077</u>	<u>1.6540077</u>
Revenue Requirement	\$4,785	\$14,841	\$5,092
Less AFUDC	<u>(\$4,785)</u>	<u>\$0</u>	<u>\$0</u>
Rate Impact Before Depr & Def Inc. Tax	\$0	\$14,841	\$5,092
Add: Depreciation Expense	\$0	\$0	\$3,106
Deferred Income Tax Expense	\$0	\$0	\$1,118
O&M Expenses	<u>\$0</u>	<u>\$0</u>	<u>\$1,185</u>
Rate Impact from SS Project	\$0	\$14,841	\$10,501
Going Level Revenues	\$50,687	\$50,687	\$65,528
% Rate Increase	0.00%	29.28%	16.03%
Cummulative % Increase	0.00%	29.28%	45.31%

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00134
ATTORNEY GENERAL'S
FIRST REQUEST FOR INFORMATION
Item 20 of 28

Witness: **Linda Bridwell/Michael Miller**

20. With regard to the proposed 25 MGD plant and Kentucky-American's current projections and under a scenario in which the BWSC does participate in the project, please identify the cost per 1,000 gallons for Kentucky-American Water for the first year of operations.

Response:

20. The Company is unable to respond to this question in the current format. It is unclear whether the AG is referring to the cost per thousand gallons of plant capacity, or the impact on rates per thousand gallons.

Supplemental Response

Please see the Supplemental Response to AGDR1#19. KAWC expects that its costs would be the same whether the BWSC participates or not and that BWSC would pick up its direct or allocated costs for the additional 5 MGD of supply.